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S. 1596 — Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2000

Calendar No. 279

Reported from the Appropriations Committee September 16, 1999, by a 27-to-0 vote.
S. Rept. 106-161.

NOTEWORTHY

- S. 1596, an original Senate bill, provides a net of \$97.21 billion in new budget authority, including an extra \$7 billion in spending that was released to the subcommittee to help make up shortfalls. This amount is \$2.49 billion above FY99 spending, and \$2.46 billion under the budget request. Overall, the Senate bill provides about \$70 billion in discretionary and \$23.4 billion in mandatory spending for FY 2000 and includes \$4.2 billion in advance appropriations for FY01. [See attached chart.]
- The Senate bill reflects the high priority the Committee has afforded to veterans' programs, especially medical care. Veterans medical care is increased by \$1.1 billion over the President's request for a total of \$18.4 billion. The House-passed bill provides \$19 billion.
- For the Department of Housing and Urban Development, the Committee recommendation totals \$27.16 billion, an increase of \$2.49 billion over FY99. The bill provides slightly less than the President's request for some of the major HUD programs and provides adequate funding to renew all expiring Section 8 contracts.
- For EPA, the Senate bill provides \$7.32 billion for FY00, which is \$115 million more than the request and \$267 million less than FY99. Superfund is cut \$100 million and a major clean water infrastructure fund is increased \$550 million over the White House plan. The bill prohibits EPA from spending funds to implement the Kyoto Protocol and requires detailed information on EPA spending on climate change.
- In contrast to the House bill, the Senate bill fully funds the requested total for NASA, funds AmeriCorps at \$423.5 million — \$2 million less than FY99 (the House bill would kill the program) — and fully funds the Selective Service at \$25.3 million (whereas the House provided \$7 million for the costs of eliminating the agency).

HIGHLIGHTS

- This diverse appropriation bill covers veterans, public and assisted housing (HUD), environmental protection (EPA), NASA, the National Science Foundation (NSF), the Federal Emergency Management Agency (FEMA), and the President's national service program, among others.
- **Veterans' Funding.** In all, the bill provides \$43.75 billion for the Department of Veterans Affairs, which is up \$1.1 billion from FY99 and \$1.2 million above the budget request; the amount includes \$23.40 billion in mandatory spending and \$20.35 billion in discretionary funding. The Committee has made veterans programs the highest priority in the bill. Increases in the bill include \$1.1 billion above the request for VA medical care, \$50 million above the request for state extended care facilities construction, and \$14 million above the request to address the backlog in construction of the state cemetery grant program.
- **Housing Funding.** The bill funds HUD at \$27.16 billion (\$2.49 billion above FY99), retaining the same funding level for many housing programs. In order to increase funding for all expiring Section 8 contracts (\$10.86 billion) to address the growing problem of losing low-income housing properties under the current opt-out program, the bill provides \$4.2 billion in advance appropriations for FY01. Overall, the bill provides for an increase of \$700 million in all rental subsidy programs. An additional \$50 million over the President's request is provided for Section 202 elderly housing at \$710 million and \$25 million more for community development block grants. The bill provides \$45 million more than the FY99 level for Homeless Assistance Grants, funding the President's request of \$1.02 billion.
- **EPA.** The Committee bill provides \$7.32 billion for the Environmental Protection Agency, an increase of \$116 million above the budget request and a decrease of \$267 million from last year's level. Major changes from the Administration's request include an increase of \$550 million for clean water state revolving funds and \$100 million less for the Superfund due to concerns with this program and the fact that the program is not authorized.
- **FEMA.** The Committee includes \$854.6 million for FEMA, including additional funds for emergency food and shelter, anti-terrorism, and fire program enhancements.
- **NASA.** The Senate version provides \$13.58 billion, which is the same as the budget request. The Committee includes a restructuring of NASA's appropriation accounts to ensure greater accountability of the international space station program.
- **National Science Foundation.** The bill provides an increase of \$250.3 million from FY99, for a total of \$3.92 billion.
- **Corporation for National and Community Service.** The bill provides \$423.5 million (\$2 million less than last year) for this agency, which oversees the AmeriCorps program,

and provides an additional \$3 million for the Inspector General's office (total of \$5 million). However, the bill would rescind \$80 million in reserve funds for AmeriCorps, providing for a total of \$348.5 million.

- **Other Independent Agency Funds.** Other major expenditures in Title III include \$60 million for the Neighborhood Reinvestment Corporation; \$80 million for Community Development Financial Institutions; \$49.5 million for the Consumer Product Safety Commission; \$26.5 million for the American Battle Monuments Commission; and \$25.3 million for the Selective Service System.
- **Offices of Inspectors Generals (OIG).** The Committee has provided significant increases to enhance the OIG efforts to combat fraud, waste, and abuse. Increases over the FY99 level include \$7.2 million or 20 percent for the VA OIG, \$3 million or 10 percent for the EPA OIG, and \$2.6 million or 48 percent for the FEMA OIG. The bill also includes a new \$10 million audit account for the HUD IG to investigate accounting deficiencies at HUD. The additional resources will be focused on high-priority concerns identified by Congress, OMB, and the agencies.

BILL PROVISIONS

Veterans Affairs (VA)

Total Funding: The Committee has provided a total of \$43.75 billion for the VA, including \$23.40 billion in mandatory spending and \$20.35 billion in discretionary spending. This total is \$1.13 billion above FY99 and \$1.16 million above the request.

Compensation and Pensions: Provides \$21.57 billion, which is \$289 million below last year and the same as the request.

Medical Care: Increases funding for veterans medical care by \$1.1 billion over the request for a total of \$18.40 billion. In addition, the VA has authority to retain third-party collections estimated to total \$749 million. This provides total discretionary resources for medical care of \$19.01 billion. The administration's budget request has ignored significant new requirements associated with treating veterans suffering from hepatitis C as well as higher costs for pharmacy and prosthetics. For these reasons, the Committee has added \$1.1 billion to the budget.

The Committee bill delays the availability until August 1, 2000, of \$635 million in the equipment, lands, and structures object classifications and makes \$900 million of the medical care appropriation available through September 30, 2001 to provide more flexibility.

The Committee continues to be troubled by the VA's poor performance in its medical collections program which is a key component of the VA's budget.

Construction Projects: Provides \$70.1 million for major construction projects and \$175 million for minor projects.

Departmental Administration: Appropriates \$912.6 million for general operating expenses, an increase of \$56.9 million over last year and \$241,000 over the request. This amount includes \$706.4 million for the Veterans Benefits Administration and \$206.2 million for general administration. Additional resources are made available through reimbursements totaling \$343.1 million, with total estimated obligations of approximately \$1.26 billion. Bill language has been included restricting travel expenses in the immediate Office of the Secretary to \$100,000.

Housing and Urban Development (HUD)

Housing Reforms: The Committee remains concerned over HUD's apparent lack of interest in working with the Senate and House housing subcommittees in consolidating and reforming HUD's primary programs. Instead, the Department continues to seek authority for broad new initiatives and programs through general appropriations language and not seek concurrence with the authorizing committees. For example, proposals like HUD's Regional Connections Initiative and America's Private Investment Companies Initiative as well as new HUD proposals for privatizing and sale of the Government National Mortgage Association and for the restructuring of the Community Development Block Grant (CDBG) program are proposals which should be considered by the authorizing committees. According to GAO, HUD's budget includes some 19 new programs and initiatives with funding of some \$731 million. The Committee believes HUD must focus its efforts on its core programs rather than redirecting staffing to new programs.

Housing Certificate Fund: The Committee recommends \$11.05 billion, of which \$10.86 billion is to fund expiring Section 8 contracts, and \$433.5 million is to fund Section 8 relocation assistance, including the costs of "sticky vouchers" for families that choose to continue to live in multifamily housing in which a mortgage is refinanced and the housing was previously eligible for the Preservation Program. This account includes the Administration's recommendation for an advance appropriation of \$4.2 billion. An additional \$2.05 billion in recaptures, carryover from FY99, and transfers is expected to be available for Section 8 contract renewals. With reluctance, the Committee has adopted the administration's recommendation to defer payment of \$4.2 billion on expiring Section 8 contracts to fiscal year 2001 as this will help create a funding gap in fiscal year 2000 of over \$8 billion for the renewal of section 8 contracts in fiscal year 2001. The Committee has not included the budget request of \$209 million for Contract Administrators.

Public Housing Capital Fund: The bill provides \$2.56 billion for modernization and capital needs of public housing authorities (same as requested, but \$445 million less than last year).

Public Housing Operating Fund: The bill recommends \$2.90 billion (\$103 million less than the request) for the Fund.

Drug Elimination Grants for Low-Income Housing: The Committee recommends \$310 million for these grants (same as last year and as the request), including \$10 million for

technical assistance grants, and \$10 million for Operation Safe House, and \$20 million for competitive grants under the New Approach Anti-Drug Program.

Revitalization of Severely Distressed Public Housing (HOPE VI): The Committee appropriates \$500 million for this account (\$125 million less than the request and last year's level) and urges the Department to fund innovative projects that work both as public and mixed-income housing.

Native American Housing Block Grant: The Committee recommends \$620 million (same as last year and as the request) for the Native American housing block grants to help Indian Tribes address their housing needs within their communities. The Committee reminds HUD to report on a semiannual basis on the implementation of this new grant funding program.

Office of Rural Housing and Economic Development: Of the \$25 million provided for this office to administer housing and economic development programs in rural communities and funds, \$23 million is to be awarded to Indian tribes, State housing finance agencies, State community and/or economic development agencies, and other specified rural organizations.

Community Development Grants: The bill provides \$4.8 billion for the Community Development Block Grant (CDBG) Program, \$50 million above last year and \$25 million above the budget request. It includes a set-aside of \$110 million within CDBG program for the Economic Development Initiative to finance efforts that promote economic and social revitalization (for a list of grants see pages 41-47 of the Committee Report.)

Home Investment Partnerships Program: This program, which provides assistance to states and local governments for the purpose of expanding the supply of affordable housing, is funded at \$1.6 billion (same as last year) and \$10 million below the budget request.

Homeless Assistance Grants: The bill provides \$1.02 billion (\$45 million over last year and same as the request) to fund the emergency shelter grants program, the supportive housing program, the Section 8 moderate rehabilitation single-room occupancy program, and the shelter plus care program. Because the Committee believes there is a need for stable housing for those with mental disabilities, it includes again this year the requirement that 30 percent of funds be allocated to permanent housing. In addition, there is a 25-percent match requirement for services to maintain a balance between homeless services and the development of transitional and permanent housing.

Housing Opportunities for Persons with AIDS (HOPWA): This program is designed to provide states and localities with resources to meet the housing needs of persons living with HIV/AIDS and their families. The Committee appropriates \$225 million, \$15 million less than the budget request and the same as last year.

Housing for Special Populations: This account funds the housing for the elderly under section 202 and the housing for the disabled under section 811. These programs provide capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing. The Committee recommends \$870 million for development of additional new subsidized housing, including capital advances of \$676 million for elderly housing and \$194 million for disabled housing. The Committee is concerned with the state of elderly housing and does not agree with

the Administration's proposal to sharply decrease funding for the elderly housing program from \$645 million in FY98 to \$109 million in FY99, or the Administration's proposal to merge section 202 and section 811 into the HOME program.

Federal Housing Administration: The Federal Housing Administration (FHA) fund covers the mortgage and loan insurance activity of about 40 HUD mortgage/loan insurance programs. The Committee included the requested amounts for the Mutual Mortgage Insurance Program: a limitation of \$120 billion on guaranteed loans and \$100 million on direct loans, and an appropriation of \$330.9 million for administrative expenses. For the General and Special Risk Program, the Committee recommends a limitation of \$18.1 billion on guaranteed loans and \$50 million on direct loans, and \$211.5 million for administrative expenses.

Environmental Protection Agency (EPA)

Total Funding: The Committee recommends a total of \$7.32 billion for FY00, \$115.7 million above the budget request and \$267 million below the appropriation for FY99. Major changes from the Administration's request include an increase of \$550 million for clean water State revolving funds, and \$100 million less for the Superfund due to concerns with this program and the fact that the program is not authorized.

The bill provides none of the \$200 million requested by the administration for the new Clean Air Partnership Fund.

Science and Technology: The Committee provides \$642.5 million for science and technology, a decrease of \$17.5 million from last year. The Committee also recommends a transfer of \$38 million from the Superfund account bringing the total for science and technology to \$680.5 million.

State Assistance Program: The Committee appropriates \$3.25 billion for state and tribal assistance grants, an increase of \$412 million over the 1999 enacted level, and an decrease of \$158 million below the request. The Committee provides \$1.4 billion for clean water state revolving funds (\$50 million above the request); \$885 million for performance partnership/categorical grants (same as the request); \$825 million for drinking water state revolving funds (an increase of \$50 million over the budget request); \$100 million for special needs infrastructure grants, and \$50 million for water and wastewater projects on the U.S.-Mexico border.

Environmental Programs and Management: This account includes the development of environmental standards; monitoring and surveillance of pollution conditions; direct federal pollution control planning; preparation of environmental impact statements; and compliance assurance. For these activities, \$1.89 billion is appropriated, an increase of \$38.3 million above last year, and \$162 million below the budget request. Several programs received significant reductions below the budget request. The climate change technology initiative was reduced by an amount of \$94 million, and the Committee has placed a restriction on the use of these funds that prohibits any expenditures to implement the Kyoto protocol prior to its ratification. The Committee also reduced the budget request for the Montreal protocol fund by \$21 million. The Administration's request for sustainable development challenge grants was reduced \$4.7 million.

Finally, the Administration's requested funding for contracts and grants was reduced by \$60.5 million and for payroll costs by \$35 million.

Superfund: The Committee recommends \$1.35 billion for the Superfund program, which is \$100 million less than the Administration request. This includes \$700 million from general revenues, as authorized, and the balance from the trust fund. The amount of \$913.6 million is provided for response action (site clean up activities), including the President's full request for brownfields. Also, the Committee includes \$145 million for enforcement; \$125 million for management and support; \$70 million for the Agency for Toxic Substances and Disease Registry, including \$2.5 million for the Great Lakes fish consumption study and \$2 million for Tom's River Cancer Cluster study; \$58 million for the National Institute of Environmental Health Sciences; \$39.6 million for other Federal agencies; and \$10.8 million for the inspector general.

The Committee continues to be concerned with EPA's management of the Superfund program for the following reasons:

- The General Accounting Office continues to list Superfund as a high-risk program, subject to fraud, waste, and abuse.
- All of the Superfund's performance measures required by the Results Act are process-oriented; there are no measures that directly address reduction of risk to human health the and environment.
- GAO has raised concerns about EPA's inconsistent use of independent cost estimates to control contractor costs, as well as cost-recovery practices.
- The committee of jurisdiction does not support increased funding for Superfund prior to reauthorization because the program is seriously flawed and needs significant legislative improvement.

Therefore, the Committee has included bill language delaying the availability of \$100 million until September 1, 2000. Also, the Committee includes report language directing a Superfund cost study; inclusion of environmental indicators in performance measures; allocation of funds based on risk; and directing an independent analysis of additional projected costs of the Superfund program over a 10-year period of 2000-2010.

Federal Emergency Management Agency

The bill provides a total of \$854.6 million, which includes the budget request for \$300 million in disaster relief expenditures and \$554.6 million for other programs, including \$255.9 million for emergency management planning and assistance. Bill language authorizes the transfer of \$2.9 million from the disaster relief fund to emergency management planning and assistance for the consolidated emergency management performance grant. Report language requests GAO to review disaster relief fund balances and close-outs of old disasters.

National Aeronautics and Space Administration (NASA)

Total Funding: The bill fully funds the budget requested level of \$13.58 billion for NASA. However, the Committee includes a restructuring of the NASA appropriation accounts to improve fiscal accountability of the international space station program and to protect other NASA programs. Also, report language notes that the Committee continues to be troubled by cost overruns and unrealistic budgeting by NASA, especially the space station.

International Space Station: The Committee provides \$2.48 billion for this program, which is consistent with the President's request. Because of continued concerns over cost overruns and unrealistic accounting, the Committee has established a new funding account for all activities related to the construction of the International Space Station Program. In addition, it directs NASA to develop a plan to outsource the responsibility for Space Station communications, logistics and resupply services to the extent these needs can be provided effectively by the private sector and will result in savings.

Launch Vehicles and Payload Operations: The Committee provides \$3.16 billion for these activities, which is \$700,000 above the request. This includes \$2.99 billion for space shuttle operations and \$169.1 billion for payload utilization and operations. Report language directs NASA to report by November 1, 1999 on any needed upgrades, including costs and a proposed schedule for implementation. NASA also is expected to submit by May 15, 2000, a report on a 10-year funding profile on shuttle costs, including upgrades and safety needs.

Science, Aeronautics and Technology: The Committee recommends \$5.42 billion for this account, which is the same as the budget request and \$229.2 million below last year's level.

Mission Support: The Committee recommends \$2.5 billion, \$100,000 more than the request.

National Science Foundation

The Committee recommends \$3.9 billion for FY00, the same as the budget request and \$250 million more than FY99.

Corporation for National and Community Service

For the Corporation for National and Community Service, the Committee appropriates a total of \$423.5 million (\$2 million less than last year). Of this amount, \$70 million is for educational awards; \$224.5 million is for grants under the National Service Trust, including the AmeriCorps program; \$7.5 million is for the Points of Light Foundation; \$18 million is for the Civilian Community Corps; \$43 million is available for school-based and community-based service-learning programs; \$28.5 million is for quality and innovation activities; \$27 million is for administrative expenses; and \$5 million is for audits and other evaluations. The Committee provides an additional \$2 million above the President's request for the Office of the Inspector General. Also, the Committee rescinds \$80 million of surplus funds in the National Service Trust reserves.

COST

CBO estimates that the bill would result in outlays of \$52.8 billion in FY 2000; \$22.4 billion in FY 2001; \$7.2 billion in FY 2002; \$3.9 billion in FY 2003; and \$3.7 billion in FY 2004 and future years.

POSSIBLE AMENDMENTS

Increase veterans medical care.

Eliminate bill provision that would cap HUD employment at 9,300 and eliminate more than 400 participants in a program that employs community builders to help market HUD programs.

Harkin. Reduce funding for space station and shift money to other NASA programs, including exploration of Mars.

Kerry. Increase funding for Housing Opportunities for Persons with AIDS (HOPWA).

Kerry. Increase funding for housing vouchers.

Staff Contact: Judy Myers, 224-2946
[Chart attached]

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY
FOR FISCAL YEAR 1999 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED
IN THE BILL FOR FISCAL YEAR 2000**

[In Thousands of Dollars; Selected Programs Only]

<u>Item</u>	<u>1999 appropriation</u>	<u>Budget estimate</u>	<u>Committee recommendation</u>
TITLE I			
DEPARTMENT OF VETERANS AFFAIRS			
Veterans Benefits Administration			
Compensation and pensions	21,857,058	21,568,364	21,568,364
Readjustment benefits	1,175,000	1,469,000	1,469,000
Veterans insurance and indemnities	46,450	28,670	28,670
Medical and prosthetic research	316,000	316,000	316,000
Construction, major projects	142,300	60,140	70,140
Construction, minor projects	175,000	175,000	175,000
Total, medical care	17,306,000	17,306,000	18,406,000
Total, title I, Department of Veterans Affairs	42,625,039	42,586,684	43,750,684
TITLE II			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Public and Indian Housing			
Housing Certificate Fund	10,326,542	7,322,095	6,851,135
Advance appropriations	-----	4,200,000	4,200,000
Public housing capital fund	3,000,000	2,555,000	2,555,000
Public housing operating fund	2,818,000	3,003,000	2,900,000
Drug elimination grants for low-income housing	310,000	310,000	310,000
Revitalization of severely distressed public housing (HOPE VI)	625,000	625,000	500,000
Indian housing block grant	620,000	620,000	620,000
Community Planning and Development			
Housing opportunities for persons with AIDS	225,000	240,000	225,000
Community development block grants	4,750,000	4,775,000	4,800,000
HOME investment partnerships program	1,600,000	1,610,000	1,600,000
Homeless assistance grants	975,000	1,020,000	1,020,000
Housing Programs			
Housing for special populations	854,000	854,000	904,000
Housing for the elderly	(660,000)	(660,000)	(710,000)
Total, title II, Department of Housing and Urban Development	24,669,378	28,048,366	27,156,066

TITLE III**INDEPENDENT AGENCIES****Chemical Safety and Hazard Investigation Board**

Salaries and expenses	6,500	7,500	6,500
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Corporation for National and Community Service

Total	438,500	548,500	348,500
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Environmental Protection Agency

Science and Technology	650,000	642,483	642,483
Environmental Programs and Management	1,846,700	2,046,993	1,885,000
Hazardous Substance Superfund	1,400,000	1,500,000	1,300,000
State and Tribal Assistance Grants	2,506,750	1,953,000	2,355,000
Total, EPA	7,589,052	7,206,646	7,322,378

Executive Office of the President

	7,701	8,221	7,876
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Federal Emergency Management Agency

Disaster relief	307,745	300,000	300,000
Emergency management planning and assistance	240,824	250,850	255,850
Emergency food and shelter program	100,000	125,000	110,000
Total, Federal Emergency Management Agency	1,740,254	3,401,725	854,580

National Aeronautics and Space Administration

Human space flight	5,480,000	5,638,000	-----
International Space Station	-----	-----	2,482,700
Launch vehicles and payload operation	-----	-----	3,156,000
Science, aeronautics and technology	5,653,900	5,424,700	5,424,700
Mission support	2,511,100	2,494,900	2,495,000
Total, NASA	13,665,000	13,578,400	13,578,400

National Science Foundation

Research and related activities	2,770,000	3,004,000	3,007,300
Total, NSF	3,671,200	3,921,450	3,921,450

Selective Service System

Salaries and expenses	24,176	25,250	25,250
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Total, title III, Independent agencies

	27,427,544	29,041,454	26,307,446
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Grand total

	94,721,961	99,676,504	97,214,196
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Current year, fiscal year 2000

Appropriations	(94,721,961)	(95,476,504)	(93,014,196)
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Rescission	(96,846,159)	(92,970,829)	(93,094,196)
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Advance appropriation, FY01	(-1,650,000)	-----	-----
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(Limitation on direct loans)	-----	(4,200,000)	(4,200,000)
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(Limitation on guaranteed loans)	(846,655)	(899,860)	(349,860)
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(Limitation on corporate funds)	(279,361,000)	(340,361,000)	(339,361,000)
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	(561,502)	(561,333)	(561,333)
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